



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

April 28, 2006

Dear Superintendent,

In November 2000, Arizona voters overwhelmingly passed Proposition 301 which increased the statewide transaction privilege tax by .6% for public education funding purposes. As part of Proposition 301, the law that allows budgeting for excess utilities is repealed after Fiscal Year 2008-09. Therefore, beginning July 1, 2009, per voters of Arizona, school districts are prohibited from budgeting for excess utilities. In an effort to assist school districts in planning for this change, the Arizona Legislature enacted Laws 2005, Chapter 329, Section 6.

Pursuant to Arizona Revised Statutes Section 15-910.03, beginning July 1, 2005, each school district that budgets for excess utilities is required to annually develop, adopt and certify a plan that contains certain information and submit a copy of this plan to the Arizona Department of Education by July 18. School districts, by law, are required to adopt and certify this plan at the same public meeting where the school district budget for 2006-07 and beyond is proposed and adopted, and the plan must include the following information:

1. A review and summary for each fiscal year since Fiscal Year 1999-2000 that includes the expenditures for the direct operational costs of each of the following that are contained within the Revenue Control Limit and of the excess utilities budget outside the Revenue Control Limit:
 - (a) Heating.
 - (b) Cooling.
 - (c) Water.
 - (d) Electricity.
 - (e) Telephone communications.
 - (f) Sanitation fees.
2. A review and summary that includes the current year budget, the current year estimated expenditures and the proposed budget for the direct operational costs of each of the following that are contained within the Revenue Control Limit and of the excess utilities budget outside the Revenue Control Limit:
 - (a) Heating.
 - (b) Cooling.
 - (c) Water.
 - (d) Electricity.
 - (e) Telephone communications.
 - (f) Sanitation fees.

3. A per-pupil cost for the total expenditures for the direct operational costs that are contained within the Revenue Control Limit and a per-pupil cost for the total expenditures for the direct operational costs that are part of the excess utilities budget outside the Revenue Control Limit as prescribed in paragraphs 1 and 2.
4. A review and summary of specific financial goals to enable the school district to pay for all utility costs within the Revenue Control Limit on or before June 30, 2009, as required by Proposition 301.
5. A review of the district's plan to ensure that the school district is making progress toward the achievement of the financial goals prescribed in paragraph 4.

This is a reminder that A.R.S. Section 15-910.03, Subsection B, requires each school district to annually **submit a copy of the adopted and certified plan to the Arizona Department of Education by July 18**. You will find the forms to report your plan on the School Finance webpage under budgets (<http://www.ade.az.gov/schoolfinance/Forms/Budgets/>). At this page, you will find this memo on the left side of the page under "Memorandum" and the forms on the right hand side under "Report". In the forms, there are three worksheets entitled as follows: Worksheets A-K which identifies Operational Expenses, Worksheet L which is a narrative describing Actions Taken to Reduce Excess Utilities and Worksheet M which describes the Plan to Reduce Excess Utilities.

Please complete and submit your plans via the ADE Common Logon, using the School Finance File Upload (Budget/AFR) menu option. A signature page will be provided by early June 2006 for fiscal year 2006-2007 so that the district can verify the adoption and certification of its. A signed copy of the signature page of the annual plan must be submitted to ADE, School Finance, Bin 13, 1535 West Jefferson, Phoenix, AZ 85007.

By law, the Arizona Department of Education must prepare and submit an annual report by December 1st to the Joint Legislative Budget Committee with a summary of the school district plans and costs per pupil pursuant to plans submitted. Additionally, the Arizona Department of Education report must include a list of school districts that failed to submit a plan pursuant to the law.

Comments and/or questions related to this request should be sent via e-mail to ExcessUtilityPlans@azed.gov or directly to Lyle Friesen at lyle.friesen@azed.gov.

Thank you very much.

Sincerely,



Tom Horne